

An abstract graphic featuring flowing, wavy lines in shades of orange and grey. The lines create a sense of movement and depth, with some areas appearing more solid and others more translucent. The overall composition is dynamic and modern.

# Moving FORWARD



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# COMPANY INFORMATION

## BOARD OF DIRECTORS

Mr. Rashid Abdulla  
Mr. Muhammad Khalid Dar\*  
Mr. Ayaz Abdulla  
Mr. Asad Abdulla  
Mr. Faisal Farooq\*  
Mr. Zubair Razzak Palwala  
Mr. Hasan Tariq Khan  
Mr. Arshad Anis\*\*  
Mr. Munis Abdullah\*\*

Chairman  
Chief Executive Officer  
Non-Executive Director  
Non-Executive Director  
Non-Executive Director  
Non-Executive Director  
Independent Director  
Chief Executive Officer  
Non-Executive Director

\*Appointed to the Board w.e.f. January 29, 2019

\*\* Resigned from the Board w.e.f December 18, 2018

## AUDIT COMMITTEE

Mr. Hasan Tariq Khan  
Mr. Zubair Razzak Palwala  
Mr. Ayaz Abdulla

Chairman  
Member  
Member

## HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Hasan Tariq Khan  
Mr. Zubair Razzak Palwala  
Mr. Ayaz Abdulla

Chairman  
Member  
Member

## CHIEF FINANCIAL OFFICER

Mr. Shariq Ahmed

## COMPANY SECRETARY

Mr. Saad Lakhani

## INTERNAL AUDITORS

Grant Thornton Anjum Rahman, Chartered Accountants

## EXTERNAL AUDITORS

A.F. Ferguson & Company, Chartered Accountants

## LEGAL ADVISOR

Saleem & Khan Law Associates

## BANKERS

Habib Bank Limited  
Standard Chartered Bank (Pakistan) Limited  
Silkbank Limited  
Meezan Bank Limited  
Al Baraka Bank Limited  
Habib Metropolitan Bank Limited

## REGISTERED OFFICE

8th Floor, NIC Building, Abbasi Shaheed Road, Karachi-75530 Tel: 35683944-6, 35675111-7,  
Fax: 35635530, 35682772

## SHARE REGISTRAR

Central Depository Company of Pakistan Limited CDC House, 99-B, Block-B, SMCHS  
Shahra-e-Faisal, Karachi - 74400

## WEBSITE

[www.ubrandz.biz](http://www.ubrandz.biz)

# DIRECTORS' REPORT

## TO THE SHAREHOLDERS OF THE COMPANY

The Board of Directors of United Brands Limited are pleased to present the Directors' Report together with the condensed interim financial information (unaudited) of the Company for the six months ended December 31, 2018. This condensed financial information (unaudited) is prepared in accordance with Section 227 of the Companies Act, 2017.

### Principal Activities

United Brands Limited is engaged in distribution of fast-moving consumer goods and allied products. The portfolio includes baby range, chocolates, confectionaries, flavored milk, dairy products, sweetener, beverages, cereals, deodorants, cosmetics and other similar products. We strive to be the best with an aim of serving as industry benchmark.

### Summary and Comparison of Financial Performance for the Period

	Half Year ended	
	December 31, 2018	December 31, 2017
	Rupees '000	
Revenue	2,235,245	1,795,418
Gross profit	531,794	487,316
Gross profit (% of revenue)	23.8%	27.1%
Profit from Operations	120,808	141,733
(Loss)/ Profit after taxation	(82,045)	9,407

### FINANCIAL OVERVIEW

The revenue of Company has grown by PKR 440 million which is 24% growth as compared to last period. Contribution of imported business line is 90% in total sales. GP has declined because of product mix. Due to significant variation in exchange rates, overall profitability of the Company has declined significantly. Further financial cost has doubled on account of borrowings to fulfill cash margin regulation.

During the year, following new businesses were added that contributed Rs. 58 million in revenue in the period ending December 31, 2018:

S. No.	Business Lines	Date of Launch
1.	Murree Brewery	Apr-18
2.	Belgian Chocolate	Apr-18
3.	Gandour	May-18

Company has also engaged in new business avenue pertaining to warehousing and transportation. This business further added PKR 136 million in top line during the year.

### (LOSS)/ EARNINGS PER SHARE

(Loss)/ earnings per share for the six months ended December 31, 2018 are (Rs. 0.89) (December 2017: Rs. 0.20 Re-stated).

## FUTURE OUTLOOK

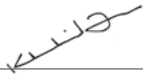
The management of UB is confident of significant growth in the coming years. We are optimistic that the Company will recover from the current decline in profitability as we are focused on enhancing and improving our current business and tapping new opportunities. The whole organization is evolving to a new level and is going through significant changes to improve its functions and enhance productivity in each area.

## ACKNOWLEDGMENT

The Directors would like to express their gratitude to the customers, principals, employees and other stakeholders for their continued support, encouragement and place on record the appreciation of the valuable services rendered by the employees of the Company.

Karachi.

Date: February 25, 2019



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Muhammad Khalid Dar  
Chief Executive Officer




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Zubair Razzak Palwala  
Director

## اعتراف

ڈائریکٹر اپنے صارفین، پرنسپلز، ملازمین اور دیگر اسٹیک ہولڈرز کا ان کے مستقل تعاون اور حوصلہ افزائی پر ان کا شکریہ ادا کرتے ہیں اور کمپنی کے ملازمین کی جانب سے انجام دی گئی قابل قدر خدمات پر انہیں خراج تحسین پیش کرتے ہیں۔

  
زیر رزاق پال والا  
ڈائریکٹر

  
محمد خالد ڈار  
چیف ایگزیکٹو آفیسر

کراچی  
۲۵ فروری ۲۰۱۹ء

سال کے دوران درج ذیل نئے کاروبار شامل ہوئے جن سے ۳۱ دسمبر ۲۰۱۸ء کو ختم ہونے والی مدت میں ۵۸ ملین روپے حاصل ہوئے:

نمبر شمار	بزنس لائن	متعارف کرانے کی تاریخ
1	مری بریورے	اپریل - 2018
2	بیلجین چاکلیٹ	اپریل - 2018
3	گندور (Gandour)	مئی - 2018

کمپنی ویٹز ہاؤسنگ اور ٹرانسپورٹیشن سے متعلق نئی کاروباری راہیں تلاش کرنے میں بھی مصروف عمل رہی۔ اس کاروبار نے سال کے دوران ٹاپ لائن میں ۱۳۶ ملین روپے کی شراکت کی۔

### (نقصان)/آمدنی فی شیر

۳۱ دسمبر ۲۰۱۸ء کو ختم ہونے والی ششماہی کے لئے (نقصان)/آمدنی (۸۹ء روپے) (دسمبر ۲۰۱۷ء: ۲۰ء روپے دوبارہ درج شدہ) رہی۔

### مستقبل پر ایک نظر

یونائیٹڈ برانڈز کی انتظامیہ آنے والے سالوں میں نمایاں ترقی اور بہتری کے لئے پراعتماد ہے۔ ہم پُر امید ہیں کہ کمپنی منافع جات میں حالیہ کمی کو پورا کر لے گی کیونکہ ہم اپنے موجودہ کاروبار میں توسیع اور بہتری لانے کے ساتھ ساتھ نئے کاروباری مواقع بھی تلاش کرنے پر بھرپور توجہ دے رہے ہیں۔ پورا ادارہ ایک نئی سطح پر کام کر رہا ہے اور نمایاں تبدیلیوں کے ذریعے ترقی بہتری لانے پر عمل پیرا ہے تاکہ کارکردگی بہتر بنانے کے ساتھ ہر شعبے میں پیداواری صلاحیت کو بڑھایا جاسکے۔



## ڈائریکٹرز کی رپورٹ برائے کمپنی کے شیئر ہولڈرز

یونائیٹڈ برانڈز لمیٹڈ کے بورڈ آف ڈائریکٹرز بمسرت ۳۱ دسمبر ۲۰۱۸ء کو ختم ہونے والی ششماہی کے لئے کمپنی کے مجموعی عبوری مالیاتی حسابات (غیر آڈٹ شدہ) کے ساتھ ڈائریکٹرز کی رپورٹ پیش کر رہے ہیں۔ یہ مجموعی مالیاتی حسابات (غیر آڈٹ شدہ) کمپنیز ایکٹ ۲۰۱۷ء کے سیکشن ۲۲۷ کے مطابق تیار کئے گئے ہیں۔

### بنیادی سرگرمیاں

یونائیٹڈ برانڈز لمیٹڈ تیزی سے فروخت ہونے والی اشیاء (FMCG) اور منسلک مصنوعات کی تقسیم میں مصروف عمل ہے۔ ان پورٹ فولیو میں بچوں کا سامان، چاکلیٹس، کنفییکشنریز، فلیورڈ ملک، ڈیری مصنوعات، مٹھائیاں، بیوریتجز، دلیئے، خوشبو جات، کامیٹیکس اور دیگر ملتی جلتی اشیاء شامل ہیں۔ ہم اس صنعت کے سرکردہ ادارے کی حیثیت سے بہترین خدمات کے مقصد کو اولیت دیتے ہیں۔

سہ ماہی کیلئے مالیاتی کارکردگی کا جائزہ اور تقابل:

31 دسمبر 2017	31 دسمبر 2018
(روپے، ہزاروں میں)	

1,795,418	2,235,245	آمدنی
487,316	531,794	مجموع منافع
27.1%	23.8%	مجموعی منافع (آمدنی کا فیصدی)
141,733	120,808	آپریٹنگ منافع
9,407	(82,045)	(نقصان)/منافع بعد از ٹیکس

### مالیاتی جائزہ

کمپنی کا ریونیو ۴۴۰ ملین روپے تک بڑھ گیا جو گزشتہ سال کی اس مدت کے مقابلے میں ۲۴ فیصد زائد ہے۔ درآمدی کاروباری لائن کی شراکت مجموعی سیلز میں ۹۰ فیصد تک رہی۔ جی پی پروڈکٹس کے باعث کم رہا۔ زرمبادلہ کے نرخوں میں نمایاں تبدیلی کے باعث کمپنی کے مجموعی منافع جات میں نمایاں کمی آئی۔ مزید برآں مالیاتی لاگت کیش مارجن کے ضوابط کو پورا کرنے کیلئے قرضہ جات کے اکاؤنٹ پر ڈگنی ہو گئی۔



A·F·FERGUSON&CO.

## Independent Auditor's Review Report to the members of United Brands Limited

### Report on review of Interim Financial Statements

#### Introduction

We have reviewed the accompanying condensed interim statement of financial position of United Brands Limited as at December 31, 2018 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures of the condensed interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2018 and 2017 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2018.

#### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is Farrukh Rehman.

Chartered Accountants  
Karachi

Date: February 27, 2019

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A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
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Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

■ KARACHI ■ LAHORE ■ ISLAMABAD

# Condensed Interim Statement of Financial Position

As At December 31, 2018

	Note	Unaudited December 31, 2018	Audited June 30, 2018
		Rupees '000	
ASSETS			
Non-current assets			
Property and equipment	5	3,452	4,523
Intangible assets	6	700	699
Investment in subsidiary		25,000	25,000
Long term deposits		114	114
		29,266	30,336
Current assets			
Inventories	7	1,096,223	970,112
Trade and other receivables	8	952,775	678,446
Prepayments and advances	9	1,212,827	687,853
Current tax asset		48,651	53,151
Tax refunds due from Government - sales tax		1,647	28,657
Cash and bank balances		129,550	175,515
		3,441,673	2,593,734
Total assets		3,470,939	2,624,070
EQUITY AND LIABILITIES			
Equity			
Share capital		918,000	918,000
Accumulated loss		(123,504)	(41,459)
		794,496	876,541
Liabilities			
Current liabilities			
Trade and other payables	10	1,185,461	941,827
Unclaimed dividend		568	591
Short term financing	11	1,490,414	805,111
		2,676,443	1,747,529
Commitments	12		
Total equity and liabilities		3,470,939	2,624,070

The annexed notes 1 to 18 form an integral part of this condensed interim financial statements.

Muhammad Khalid Dar  
Chief Executive Officer

Zubair Razzak Palwala  
Director

Shariq Ahmed  
Chief Financial Officer

# Condensed Interim Statement of Profit or Loss and Other Comprehensive Income - (Unaudited)

For The Half Year Ended December 31, 2018

	Note	Quarter ended		Half year ended	
		December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
		Rupees '000			
Revenue	13	1,066,184	960,314	2,235,245	1,795,418
Cost of sales and services		(829,527)	(695,934)	(1,703,451)	(1,308,102)
Gross profit		236,657	264,380	531,794	487,316
Marketing and distribution expenses		(192,251)	(161,764)	(359,595)	(287,966)
Administrative and general expenses		(15,961)	(32,975)	(51,361)	(46,610)
Other operating expenses		14,748	(8,345)	(30)	(11,007)
Profit from operations		43,193	61,296	120,808	141,733
Finance cost	14	(77,455)	(45,528)	(101,196)	(56,931)
(Loss) / profit before income tax		(34,262)	15,768	19,612	84,802
Income tax expense		(54,222)	(44,253)	(101,657)	(75,395)
(Loss) / profit for the year		(88,484)	(28,485)	(82,045)	9,407
Other comprehensive income		-	-	-	-
Total comprehensive (loss) / income		(88,484)	(28,485)	(82,045)	9,407
Basic and diluted (loss) / earnings per share (Rupees)		(Rs. 0.96)	(Re-stated) (Rs. 0.62)	(Rs. 0.89)	(Re-stated) Rs. 0.20

The annexed notes 1 to 18 form an integral part of this condensed interim financial statements.



Muhammad Khalid Dar  
Chief Executive Officer



Zubair Razzak Palwala  
Director



Shariq Ahmed  
Chief Financial Officer

# Condensed Interim Statement of Cash Flows - (Unaudited)

For The Half Year Ended December 31, 2018

Note **December 31, 2018** December 31, 2017  
Rupees '000

## CASH FLOWS FROM OPERATING ACTIVITIES

Cash used in operations	15	(593,490)	(108,505)
Income taxes paid		(97,157)	(79,434)
Finance costs paid		(39,134)	(4,788)
Net cash outflow from operating activities		(729,781)	(192,727)

## CASH FLOWS FROM INVESTING ACTIVITIES

Payment for acquisition of property and equipment		(1,333)	(2,137)
Payment for acquisition of intangibles assets		(131)	(229)
Net cash outflow from investing activities		(1,464)	(2,366)

## CASH FLOWS FROM FINANCING ACTIVITIES

Dividend paid		(23)	(5,297)
Proceeds from short term financing		484,149	289,049
Proceeds from long term financing		-	100,000
Net cash inflow from financing activities		484,126	383,752

## Net (decrease) / increase in cash and cash equivalents

Cash and cash equivalents at the beginning of the period		175,515	47,283
Cash and cash equivalents at the end of the period	16	(71,604)	235,942

The annexed notes 1 to 18 form an integral part of this condensed interim financial statements.



Muhammad Khalid Dar  
Chief Executive Officer



Zubair Razzak Palwala  
Director



Shariq Ahmed  
Chief Financial Officer

# Condensed Interim Statement of Changes in Equity (Unaudited)

For The Half Year Ended December 31, 2018

	Share Capital	Accumulated Loss	Total Equity
	Rupees '000		
Balance as at July 1, 2017	108,000	(6,845)	101,155
Final dividend for the year ended June 30, 2017 @ Rs. 0.5 per share	-	(5,400)	(5,400)
Total comprehensive income	-	9,407	9,407
Balance at December 31, 2017 (unaudited)	<u>108,000</u>	<u>(2,838)</u>	<u>105,162</u>
Balance as at July 1, 2018	918,000	(41,459)	876,541
Total comprehensive loss	-	(82,045)	(82,045)
Balance at December 31, 2018 (unaudited)	<u>918,000</u>	<u>(123,504)</u>	<u>794,496</u>

The annexed notes 1 to 18 form an integral part of this condensed interim financial statements.



Muhammad Khalid Dar  
Chief Executive Officer



Zubair Razzak Palwala  
Director



Shariq Ahmed  
Chief Financial Officer

# Notes To The Condensed Interim Financial Statements - (Unaudited)

For The Half Year Ended December 31, 2018

## 1. THE COMPANY AND ITS OPERATIONS

The Company was incorporated in Pakistan on March 13, 1965 as Batlay Match Industries Limited under the repealed Companies Act, 1913. The Company was renamed as UDL Industries Limited on March 16, 1987 under the repealed Companies Ordinance, 1984. The Company was again renamed as United Brands Limited, a public limited company on April 5, 2006 under the repealed Companies Ordinance, 1984. The shares of the Company are quoted on the Pakistan Stock Exchange. The registered office of the Company is situated at 8th Floor, N.I.C.L Building, Abbasi Shaheed Road, Karachi.

The Company is a subsidiary of International Brands Limited, which is also the Company's ultimate parent.

The principal activities of the Company are trading and distribution of consumer goods and allied products.

## 2. BASIS OF PREPARATION

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim financial statements do not include all the information required for full financial statements and should be read in conjunction with the annual financial statements for the year ended June 30, 2018.

These condensed interim financial statements are separate financial statements of the Company. Consolidated condensed interim financial statements have not been prepared as the Company has applied to Securities and Exchange Commission of Pakistan (SECP) for preparation of first financial statements of the subsidiary Company for a period of more than twelve months.

### 2.2.1 Changes in accounting standards, interpretations and pronouncements

- a) Standards, interpretations and amendments to published approved accounting standards that are effective and relevant

IFRS 15 'Revenue from contracts with customers' - IFRS 15 replaces the previous revenue standards: IAS 18 Revenue, IAS 11- Construction Contracts, and the related interpretations on revenue recognition.

# Notes To The Condensed Interim Financial Statements - (Unaudited)

For The Half Year Ended December 31, 2018

IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The changes laid down by these standards do not have any significant impact on these financial statements of the Company.

- b) Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2018 are considered not to be relevant for the Company's financial statements and hence have not been detailed here.

- c) Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant

The following are the new standards that will be effective for the periods beginning on or after July 1, 2019 that may have an impact on the financial statements of the Company.

IFRS 9 'Financial Instruments' (previously applicable from annual periods beginning on or after July 1, 2018) replaced the multiple classification and measurement models in IAS 39 'Financial Instruments: Recognition and Measurement' with a single model having three classification categories (i.e. amortised cost, fair value through profit or loss and fair value through OCI). It also introduced an expected credit loss impairment model that replaces the incurred loss impairment model as defined in IAS 39. However, SECP through SRO 229(I)/2019 dated February 14, 2019 has deferred the application of IFRS 9 till June 30, 2019. The Company is in the process of evaluating the potential impacts of applicability of IFRS 9 on its future financial statements.

IFRS 16 'Leases' - This standard is effective for periods beginning from or after January 01, 2019. IFRS 16 replaces the previous lease standard: IAS 17 Leases. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low value leases.

The management is in the process of assessing the impact of changes laid down by this standards on its financial statements.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statement are the same as those applied in the preparation of the annual financial statements of the Company for the year ended June 30, 2018.



# Notes To The Condensed Interim Financial Statements - (Unaudited)

For The Half Year Ended December 31, 2018

## 4. ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts. Actual results may differ from these judgements, estimates and assumptions.

However, management believes that the change in outcome of judgements, estimates and assumptions would not have a material impact on the amounts disclosed in this condensed interim financial statements.

Judgments and estimates made by the management in the preparation of these condensed interim financial statements are the same as those that were applied to the financial statements as at and for the year ended June 30, 2018.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2018.

## 5. PROPERTY AND EQUIPMENT

Additions to operating assets during the period amounts to Rs. 1.2 million (December 31, 2017: Rs. 2.1 million).

## 6. INTANGIBLE ASSETS

Additions to intangible assets during the period amounts to Rs.130,700 (December 31, 2017:Rs. 229,000).

## 7. INVENTORIES

Finished goods:

- in hand
- in transit

Less: Provision for slow moving, obsolete and damaged goods

Unaudited December 31, 2018	Audited June 30, 2018
Rupees '000	
658,376	836,171
439,700	152,994
<u>1,098,076</u>	<u>989,165</u>
(1,853)	(19,053)
<u>1,096,223</u>	<u>970,112</u>
449,602	390,133
503,173	288,313
<u>952,775</u>	<u>678,446</u>
2,108	8,731
501,065	279,582
<u>503,173</u>	<u>288,313</u>

## 8. TRADE AND OTHER RECEIVABLES - unsecured

Trade receivables  
Other receivables - note 8.1

### 8.1 Other receivables - unsecured

Considered good  
- Related parties  
- Others - note 8.1.1

# Notes To The Condensed Interim Financial Statements - (Unaudited)

For The Half Year Ended December 31, 2018

**8.1.1** This represents receivable from principals in respect of stock claims, expenses and others.

## **9. PREPAYMENTS AND ADVANCES - unsecured**

Prepayments

Advances - note 9.1

Unaudited December 31, 2018	Audited June 30, 2018
	Rupees '000
75,896	81,559
1,136,931	606,294
1,212,827	687,853

**9.1.** This includes advances paid to commercial banks against letter of credit amounting to Rs. 1,079.6 million (June 30, 2018: Rs. 531.3 million).

## **10. TRADE AND OTHER PAYABLES**

These include Rs. 102.72 million (June 30, 2018: Rs. 102.28 million) payable to related parties.

## **11. SHORT TERM FINANCING**

Running finance under mark-up  
arrangement - note 11.1

Short term loans - note 11.2

Unaudited December 31, 2018	Audited June 30, 2018
	Rupees '000
201,154	-
1,289,260	805,111
1,490,414	805,111

**11.1** As at December 31, 2018, available running finance facility under mark-up arrangements from a commercial bank amounted to Rs. 203 million (June 30, 2018: Rs. 35 million). The arrangements are secured by way of pari passu charge over the stock and receivables of the Company with 25% margin.

The arrangements carry mark-up ranging from 1% above three months KIBOR to 2.25% over one month KIBOR (June 30, 2018: 2.25% above one month KIBOR).

## **11.2 SHORT TERM LOANS**

	(Unaudited) December 31, 2018	(Audited) June 30, 2018	Markup Rate	Securities
1. Al-Baraka Bank (Pakistan) Limited	357,252	-	3 months KIBOR + 0.75% - 2.5%	Hypothecation over stock / moveable and receivable
2. Habib Metropolitan Bank Limited	233,752	226,543	6 months KIBOR + 0.15%	
3. Bank Al-Habib Limited	698,256	578,568	3 months KIBOR + 1.75% & 6 months KIBOR +0%	
	<u>1,289,260</u>	<u>805,111</u>		

# Notes To The Condensed Interim Financial Statements - (Unaudited)

For The Half Year Ended December 31, 2018

## 12. COMMITMENTS

The facilities for opening letter of credit and guarantees as at December 31, 2018 amounted to Rs. 1,402 million (June 30, 2018: Rs. 715 million) and Rs. 235 million (June 30, 2018: Rs. 233 million) respectively. The amount remaining unutilised at the half year end for letter of credit and guarantees was Rs. 402 million (June 30, 2018: Rs. 269.4 million) and Rs. 52 million (June 30, 2018: Rs. 58.33 million) respectively.

The facilities are secured by way of pari passu charge against hypothecation of Company's stocks and receivables.

## 13. REVENUE

**Unaudited  
December 31,  
2018**      Unaudited  
December 31,  
2017  
Rupees '000

Revenue from Goods	<b>2,898,076</b>	2,260,830
Services - note 13.1	<b>158,368</b>	-
Less:		
Trade discounts	<b>(362,058)</b>	(115,239)
Sales return	<b>(60,324)</b>	(22,105)
Sales tax	<b>(376,063)</b>	(328,068)
Provincial sales tax	<b>(22,754)</b>	-
	<b><u>2,235,245</u></b>	<u>1,795,418</u>

13.1 This represents warehousing and transportation services to a bottling plant.

## 14. FINANCE COST

**Unaudited  
December 31,  
2018**      Unaudited  
December 31,  
2017  
Rupees '000

Bank charges	<b>3,752</b>	2,347
Finance charges on long term financing	-	10,488
Finance charges on short term financing	<b>50,955</b>	21,637
Exchange loss - net	<b>46,489</b>	22,459
	<b><u>101,196</u></b>	<u>56,931</u>

# Notes To The Condensed Interim Financial Statements - (Unaudited)

For The Half Year Ended December 31, 2018

	Unaudited December 31, 2018	Unaudited December 31, 2017
	Rupees '000	
<b>15. CASH USED IN OPERATIONS</b>		
(Loss) / profit before income tax	19,612	84,802
<b>Adjustment for non-cash charges and other items</b>		
Depreciation	548	174
Amortisation	46	40
Finance cost	54,707	34,472
	55,301	34,686
Profit before changes in working capital	74,913	119,488
<b>Effect on cash flow due to working capital changes</b> (Increase) / decrease in current assets:		
Inventories	(126,111)	31,518
Trade and other receivables	(272,388)	(17,247)
Prepayments and advances	(524,974)	(219,019)
Tax refunds due from Government - sales tax	27,010	426
	(896,463)	(204,322)
Increase / (decrease) in current liabilities:		
Trade and other payables	228,060	(23,671)
Cash used in operations	(593,490)	(108,505)
<b>16. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	129,550	235,942
Running finance under mark-up arrangement	(201,154)	-
	(71,604)	235,942

# Notes To The Condensed Interim Financial Statements - (Unaudited)

For The Half Year Ended December 31, 2018

## 17. TRANSACTIONS WITH RELATED PARTIES

The following transactions were carried out with related parties during the period:

Nature of relationship	Nature of transactions	Unaudited December 31, 2018	Unaudited December 31, 2017
		Rupees '000	
i. Holding company	- Dividend paid - Corporate shared services	- 6,000	5,085 5,100
ii. Associated companies	- Purchases - Sale of goods - Shared costs - note 17.1 - Sale of assets - Loan received - Markup on loan	5,000 - 121,374 1,954 - -	- 2,659 63,650 - 100,000 16,600
iii. Employees' Provident Fund	Contribution paid	1,059	1,444
iv. Key Management Personnel	Salaries and other employee benefits Fee for attending meetings to Directors	22,698 80	13,707 250

**17.1** The Company has an agreement with IBL Operations (Private) Limited - associated company, regarding sharing of expenses relating to sales and administrative infrastructure.

**17.2** There are certain assets in the books of an associated company IBL Operations (Private) Limited which are being commonly used by both the companies.

## 18. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were approved and authorised for issue by the Board of Directors of the Company on February 25, 2019.



Muhammad Khalid Dar  
Chief Executive Officer



Zubair Razzak Palwala  
Director



Shariq Ahmed  
Chief Financial Officer

# Statement of the Subsidiary Company

For The Half Year Ended December 31, 2018

United Brands Limited (the Company) has recently engaged in Logistics business with one of the leading bottlers company of Pakistan through its wholly owned subsidiary 'IBL LOGISTICS (PRIVATE) LIMITED' (the subsidiary Company) incorporated in April 2018. The operations of the subsidiary Company have not started yet. The Company has requested for relaxation from consolidation of Financial Statements from Securities and Exchange Commission of Pakistan, however the Company will provide detailed Financial Statements of the subsidiary Company upon request. The request can be sent at our registered office i.e. 8th Floor, NIC Building, Abbasi Shaheed Road, Karachi, and a copy shall be provided for inspection of members free of cost

Following are the Financial Highlights of the Subsidiary Company

## FINANCIAL HIGHLIGHTS

Half Yearly Ended  
December 31, 2018

### Operational Results:

---Amount in '000 ---

Other Income	317
Taxation	(79)
Profit / (Loss) after Taxation	238

Unaudited  
As at December 31, 2018

### Balance Sheet:

---Amount in '000 ---

Shareholders' Equity	25,260
Non-Current Liabilities	-
Current Liabilities	1,972
Non-Current Assets	-
Current Assets	27,232



